

Wyeth

Leading the Way to
a Healthier World

Financial Statements for the
Six Months period ended
May 31, 2010

WYETH PAKISTAN LIMITED

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COMPANY INFORMATION

BOARD OF DIRECTORS

Iqbal Bengali Chairman / Chief Executive
Abdul Majeed
Ifikhar Soomro
Badaruddin F. Vellani
S. M. Wajeehuddin
Abdul Naseer
Maqbool H. H. Rahimtoola (N.I.T)

COMPANY SECRETARY

S. M. Wajeehuddin

AUDIT COMMITTEE

Ifikhar Soomro Chairman
Badaruddin F. Vellani
Abdul Naseer

BANKERS

Citibank, N.A.

AUDITORS

KPMG Taseer Hadi & Co.
Chartered Accountants

LEGAL ADVISORS

Orr Dignam & Company
Syed Qamaruddin Hassan

SHARE REGISTRAR

THK Associates (Pvt.) Ltd.
Ground Floor, State Life Building # 3,
Dr. Ziauddin Ahmad Road, Karachi-75530.
Ph. # 92-213-5689021-5686658 & 111-000-322

HEAD OFFICE / REGISTERED OFFICE

S-33, Hawkes Bay Road, S.I.T.E.,
G.P.O. Box No. 167, Karachi.
Ph. # 92-213-2354651-61 & 92-213-7664203-06
Fax # 92-213-2354681
Website: www.wyethpakistan.com

Note: These accounts are also available on our website.

DIRECTORS' REPORT

We are pleased to present the financial statements of your company for the second quarter and six months ended May 31, 2010.

FINANCIAL RESULTS

While net sales for the quarter is in line with the same period last year, gross margin has increased from 18.0% to 21.5% of sales due to favorable sales mix and reduction in prices of some materials. Distribution costs for the quarter is higher mainly due to inflationary pressures and costs involved in the re-launch of the multivitamin "Centrum". Administrative expenses are higher for the quarter due to a charge for doubtful receivables and certain restructuring charges.

Sales for the six months have, however, decreased by 11.2% mainly due to lower institutional sales of Anti-TB products and alignment of stock at distributors' level. Reduction in sales have impacted the gross margin also which decreased from 23.8% in 2009 to 22.1% in the six months ended May 31, 2010. This reduction in sales, together with the charge for doubtful receivables and some restructuring payments, is also the main reason for drop in the pre-tax profit.

FUTURE PROSPECT

Strong competition from low priced generics especially for institutional business, and continuous depreciation of the Pakistan Rupee against all major currencies together with rising inflation has put enormous pressure on our business. This coupled with Government control on selling prices of pharmaceuticals is posing a challenge for viable pharmaceutical operations. Nevertheless, through internal efficiencies, we are making vigorous efforts to increase our sales and to keep our operations economical by controlling, as much as possible, operating expenses.

CHANGE IN BOARD OF DIRECTORS

During the period, Khwaja Bakhtiar Ahmed resigned as a director of the company on March 30, 2010 and the casual vacancy thus created was filled by the appointment of S.M. Wajeehuddin as a director on the board. While welcoming S.M.Wajeehuddin, the board wishes to place on record, its most sincere appreciation for the valuable services rendered by Khwaja Bakhtiar Ahmed as a member of the board, and his contributions in the stability and growth of the company.

The Board of Directors would also like to express its sincere gratitude to the employees and management of the Company for their continued, dedicated and untiring efforts.



Iqbal Bengali
Chairman / Chief Executive

Karachi: July 26, 2010



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

Telephone + 92 (21) 3568 5847
Fax + 92 (21) 3568 5095
Internet www.kpmg.com.pk

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of Wyeth Pakistan Limited ("the Company") as at 31 May 2010, and the related condensed interim profit and loss account, condensed statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at and for the period ended 31 May 2010 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the period ended 31 May 2009, and for the quarters ended 31 May 2009 and 31 May 2010 in the condensed interim profit and loss account have not been reviewed by us and we do not express a conclusion on them.

Date: July 26, 2010

Karachi

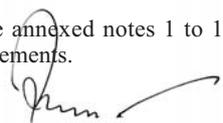
KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

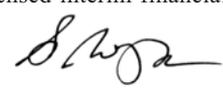
KPMG Taseer Hadi & Co., a partnership firm registered in Pakistan
and a member firm of the KPMG network of independent member
firms affiliated with KPMG International, a Swiss cooperative

CONDENSED INTERIM BALANCE SHEET AS AT MAY 31, 2010

		May 31, 2010 (Unaudited)	November 30, 2009 (Audited)
	Note	(Rupees in '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	5	167,710	179,681
Long-term loans		9,322	12,161
Deferred taxation		1,779	-
Long-term deposits		2,152	1,879
		<u>180,963</u>	<u>193,721</u>
CURRENT ASSETS			
Spares		3,818	2,921
Stocks in trade		731,638	800,768
Trade debts		235,623	277,447
Loans and advances		27,131	15,744
Deposits and prepayments		14,413	13,462
Interest accrued		74	6
Other receivables		17,799	14,890
Taxation-net		88,400	97,687
Cash and bank balances		92,994	35,648
		<u>1,211,890</u>	<u>1,258,573</u>
		<u>1,392,853</u>	<u>1,452,294</u>
SHARE CAPITAL AND RESERVES			
Share capital		142,161	142,161
Reserves		926,978	926,940
Unappropriated loss		(93,948)	(86,838)
		<u>975,191</u>	<u>982,263</u>
NON-CURRENT LIABILITY			
Deferred taxation		-	5,238
CURRENT LIABILITIES			
Trade and other payables		417,662	464,793
		<u>1,392,853</u>	<u>1,452,294</u>
CONTINGENCIES AND COMMITMENTS 7			

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Iqbal Bengali
Chairman / Chief Executive

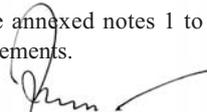

S. M. Wajeehuddin
Director

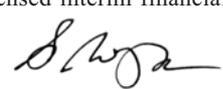
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED MAY 31, 2010

	For the six months period ended		For the second quarter ended	
	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
	(Rupees in '000)		(Rupees in '000)	
Net sales	1,205,922	1,358,759	646,898	647,042
Cost of sales	939,970	1,035,653	507,950	530,717
Gross profit	265,952	323,106	138,948	116,325
Marketing and distribution expenses	161,229	174,125	106,923	94,036
Administrative expenses	79,977	55,651	54,625	27,182
	241,206	229,776	161,548	121,218
Operating profit / (loss)	24,746	93,330	(22,600)	(4,893)
Other operating income	5,194	12,815	2,257	9,258
	29,940	106,145	(20,343)	4,365
Other operating expenses	3,528	13,002	504	6,966
Finance cost	2,595	1,481	254	1,093
	6,123	14,483	758	8,059
Profit / (loss) before taxation	23,817	91,662	(21,101)	(3,694)
Taxation				
Current - for the period	35,320	38,612	11,331	(8,397)
- for prior years	-	5,243	-	-
Deferred	(4,393)	(1,602)	(5,097)	586
	30,927	42,253	6,234	(7,811)
(Loss) / profit after taxation	(7,110)	49,409	(27,335)	4,117
(Loss) / earnings per share-basic and diluted	(5.00)	34.75	(19.22)	2.90

Note: The appropriations from profits are set out in the Condensed Interim Statement of Changes in Equity.

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Iqbal Bengali
Chairman / Chief Executive


S. M. Wajeehuddin
Director

**CONDENSED INTERIM STATEMENT OF
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED MAY 31, 2010**

	For the six months period ended	
	May 31, 2010	May 31, 2009
	(Rupees in '000)	
(Loss) / profit after taxation	(7,110)	49,409
Other comprehensive income	-	-
Total comprehensive (loss) / income	<u>(7,110)</u>	<u>49,409</u>

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Iqbal Bengali
Chairman / Chief Executive



S. M. Wajeehuddin
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED MAY 31, 2010**

	Note	May 31, 2010	May 31, 2009
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operating activities	8	87,527	18,370
Profit received on deposits accounts		374	7,184
Decrease / (increase) in long-term loans		2,839	(132)
(Increase) / decrease in long-term deposits		(273)	78
Taxes paid		(28,657)	(48,655)
Net cash generated from / (used in) operating activities		61,810	(23,155)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(4,384)	(15,976)
Proceeds from sale of property, plant and equipment		-	7,808
Net cash used in investing activities		(4,384)	(8,168)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash used in financing activities-dividends paid		(80)	(212,574)
Net increase / (decrease) in cash and cash equivalents		57,346	(243,897)
Cash and cash equivalents at the beginning of the period		35,648	282,207
Cash and cash equivalents at the end of the period		92,994	38,310

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.



Iqbal Bengali
Chairman / Chief Executive

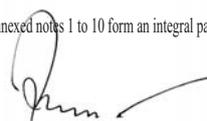


S. M. Wajeehuddin
Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE SIX MONTHS PERIOD ENDED MAY 31, 2010

	Share capital	Reserves			Unappropriated profit / (loss)	Total
	Issued, subscribed and paid up	General reserve	Other	Sub total		
----- (Rupees in '000) -----						
Balance as at November 30, 2008	142,161	934,743	5,847	940,590	29,127	1,111,878
Total comprehensive income for the period						
Profit for the period	-	-	-	-	49,409	49,409
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	49,409	49,409
Transactions with owners						
Dividend for the year ended December 31, 2008	-	-	-	-	(71,080)	(71,080)
Share-based payments	-	-	1,286	1,286	-	1,286
Utilization of reserve held for share-based payment	-	-	(3,262)	(3,262)	-	(3,262)
	-	-	(1,976)	(1,976)	(71,080)	(73,056)
Others						
Transfer from general reserve	-	(22,900)	-	(22,900)	22,900	-
Balance as at May 31, 2009	142,161	911,843	3,871	915,714	30,356	1,088,231
Balance as at November 30, 2009	142,161	911,753	15,187	926,940	(86,838)	982,263
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(7,110)	(7,110)
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	-	-	(7,110)	(7,110)
Transactions with owners						
Share-based payments	-	-	38	38	-	38
Utilization of reserve held for share-based payment	-	-	-	-	-	-
	-	-	38	38	-	38
Others						
Transfer from general reserve	-	-	-	-	-	-
Balance as at May 31, 2010	142,161	911,753	15,225	926,978	(93,948)	975,191

The annexed notes 1 to 10 form an integral part of these condensed interim financial statements.


Iqbal Bengali
Chairman / Chief Executive


S. M. Wajeehuddin
Director

**NOTES TO THE CONDENSED INTERIM
FINANCIAL INFORMATION (UNAUDITED)
FOR THE SIX MONTHS PERIOD ENDED MAY 31, 2010**

1. LEGAL STATUS AND OPERATIONS

Wyeth Pakistan Limited ("the Company") is a public limited company incorporated in 1949 in Pakistan. The address of its registered office is S-33, Hawkes Bay Road S.I.T.E., Karachi, Pakistan. The Company is listed on the Karachi and Lahore Stock Exchanges. The Company is engaged in manufacturing and marketing of research based ethical specialties and other pharmaceutical products.

With effect from October 15, 2009 Pfizer Inc. has acquired Wyeth USA. Accordingly, Pfizer Inc. has become the ultimate parent of the Company. However, Wyeth USA continues to be the principal shareholder of the Company.

2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the six months period ended May 31, 2010 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information does not include all the information required for full annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the eleven months period ended November 30, 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding published financial statements of the Company for the eleven months period ended November 30, 2009.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Actual results may differ from these estimates.

Except as described below, in preparing this condensed interim financial information, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published financial statements as at and for the eleven months period ended November 30, 2009.

The Company has revised the estimate of useful lives of all the items of property, plant and equipment with effect from March 1, 2010. Had the above estimate not been revised, the profit after tax for the period ended May 31, 2010, and carrying value of property, plant and equipment as at that date would have been lower by Rs 0.2 million.

	Note	May 31, 2010	November 30, 2009
(Rupees in '000)			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	<u>167,710</u>	<u>179,681</u>
5.1 Operating fixed assets include following additions during the period:			
Building		-	12,632
Plant and machinery		3,028	6,370
Motor vehicles		-	6,993
Office equipment / furniture and fittings		536	-
Computers		820	1,837
		<u>4,384</u>	<u>27,832</u>
Disposals [having a net book value of Rs Nil (2009: Rs 5.006 million)]		-	26,300

6. OPERATING SEGMENTS

The financial information has been prepared on the basis of a single reportable segment.

- 6.1 Sales from pharmaceutical products and others represent 92.2% and 7.8% (May 31, 2009: 91.3% and 8.7%) of total revenue of the Company respectively.
- 6.2 93.3% (May 31, 2009: 93.3%) of total sales of the Company relates to customers in Pakistan.
- 6.3 All non-current assets of the Company as at May 31, 2010 are located in Pakistan.
- 6.4 Sales to four major customers of the Company is around 52.4% during the period ended May 31, 2010 (May 31, 2009: 53%).

7. CONTINGENCIES AND COMMITMENTS

- 7.1 Certain ex-employees of the Company have filed claims aggregating Rs 247.572 million (2009: Rs 247.572 million) against the Company in prior years. The Company is contesting these claims in the courts and based on the opinion of legal counsel, the management is confident that the ultimate decision of the subject cases will be in favor of the Company. Accordingly, no provision has been made in these financial statements in respect of these claims.

7.2 Two ex-distributors have filed claims against the Company in prior years aggregating Rs 84.929 million (2009: Rs 84.929 million) for recovery of damages. Based on the opinion of its legal counsel, the management is confident that the cases will be decided in the Company's favour and therefore no provision has been made in this respect.

7.3 The income tax assessments of the Company have been finalised upto and including the accounting year ended December 31, 2008. While finalising the assessments of the Company, the tax authorities have made arbitrary additions and disallowances to taxable incomes of various tax assessments upto the accounting year ended December 31, 2003 which have resulted in a tax demand of Rs 210.258 million (2009: Rs 199.026 million). The tax demand has arisen mainly due to the following reasons:

- The assessing officer has made additions to the income based on the contention that the Company has allegedly paid excessive amount on import of raw materials.
- The assessing officer charged tax on purchases related to agriculture business of the Company under presumptive tax regime by treating all purchases as commercial imports.
- The assessing officer also charged tax on gain on sale of the Company's agriculture business and has also arbitrarily disallowed certain expenses attributed to that segment of the business.
- The assessing officer has disallowed the credit for adjustment of tax refunds and adjustment of compensation on delayed refunds.

Although the Company has filed appeals with various appellate authorities in respect of the above, however, a provision of Rs 88.294 million (2009: Rs 88.294 million) is being carried against the above demands on grounds of prudence. The management is confident that the ultimate decision of the appeals will be in the Company's favour.

7.4 The Assistant Collector, Sales Tax and Federal Excise has issued an order requiring the Company to pay federal excise duty (FED) along with penalty and default surcharge amounting to approximately Rs 1 million in respect for technical services.

The Company has subsequently filed an appeal before Commissioner Inland Revenue Appeals (CIRA) against the order. The CIRA has passed the order in favour of the Company, however, Tax department has filed an appeal before the Tribunal against the order of the CIRA, which is still pending. Based on the advice of its tax consultants, the management is confident that the ultimate decision of the appeal will be in its favour.

	<u>2010</u>	<u>2009</u>
Commitments	(Rupees in '000)	
7.5 Commitments for capital expenditure	<u>3,100</u>	<u>5,297</u>
7.6 Guarantees and indemnity bonds issued to Collector of Customs against duty on imported raw materials and other guarantees	<u>4,737</u>	<u>9,569</u>
7.7 Outstanding letter of credit	<u>76,208</u>	<u>75,008</u>

	Note	For the six months period ended	
		May 31, 2010	May 31, 2009
(Rupees in '000)			
8. CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES			
Profit before taxation		23,817	91,662
Adjustments for non-cash charges and other items:			
Net increase in reserve for equity-settled share-based payment plans		38	(1,976)
Depreciation		16,355	19,053
Provision made / (reversed) for obsolete stock		231	(1,496)
Provision for doubtful debts		22,968	-
Decrease in provision for potential expired stock claims		(95)	(2,100)
Non current assets classified as held for sale written off		-	646
Property, plant and equipment written off		-	(2,243)
Gain on sale of property, plant and equipment		-	(3,897)
Profit on deposit accounts		(442)	-
Working capital changes	8.1	24,655	(81,279)
		<u>87,527</u>	<u>18,370</u>
8.1 Working capital changes			
(Increase) / decrease in current assets:			
Spares		(897)	(131)
Stocks in trade		68,899	(135,713)
Trade debts		18,856	(58,897)
Loans and advances		(11,387)	3,719
Deposits and prepayments		(951)	(6,178)
Other receivables		(2,909)	(4,589)
		<u>71,611</u>	<u>(201,789)</u>
(Decrease) / increase in current liabilities:			
Trade and other payables		(46,956)	120,510
		<u>24,655</u>	<u>(81,279)</u>

9 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the ultimate parent company (Pfizer Inc., USA), related group companies, staff retirement benefits, directors, key management personnel and close members of the family of all the aforementioned related parties. The Company in the normal course of business carries out transactions with various related parties. Significant balances and transactions with related parties are as follows:

	Note	For the six months period ended	
		May 31, 2010	May 31, 2009
(Rupees in '000)			
Sale of goods to associated undertakings		64,478	59,621
Goods purchased from associated undertakings		165,009	264,662
Services received from associated undertakings	9.1	40,181	13,309
Contribution to the gratuity fund		3,649	3,029
Contribution to the provident fund		3,807	3,606
Remuneration of key management personnel		53,956	19,669

9.1 This amount includes Rs 24.939 million against services obtained from Pfizer Pakistan Limited (formerly Parke, Davis & Company Limited).

10. DATE OF AUTHORIZATION

These condensed interim financial statements were authorized for issue on **July 26, 2010** by the Board of Directors of the Company.



Iqbal Bengali
Chairman / Chief Executive



S. M. Wajeehuddin
Director